





**Nonprofit Association  
of Washington**

## **Mission**

The Nonprofit Association of Washington convenes a powerful network of nonprofit organizations across Washington State to learn, advocate, and collaborate, so that nonprofits can achieve their missions.

## **Vision**

A vibrant nonprofit sector that is a valued partner in strengthening communities.

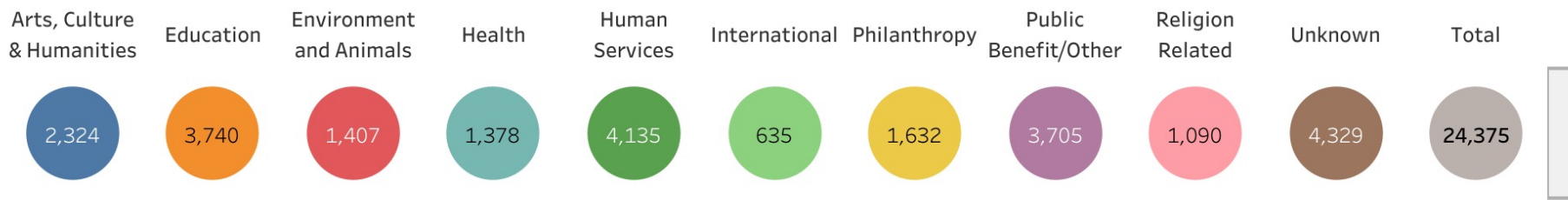
[www.nonprofitwa.org](http://www.nonprofitwa.org)



# Overview

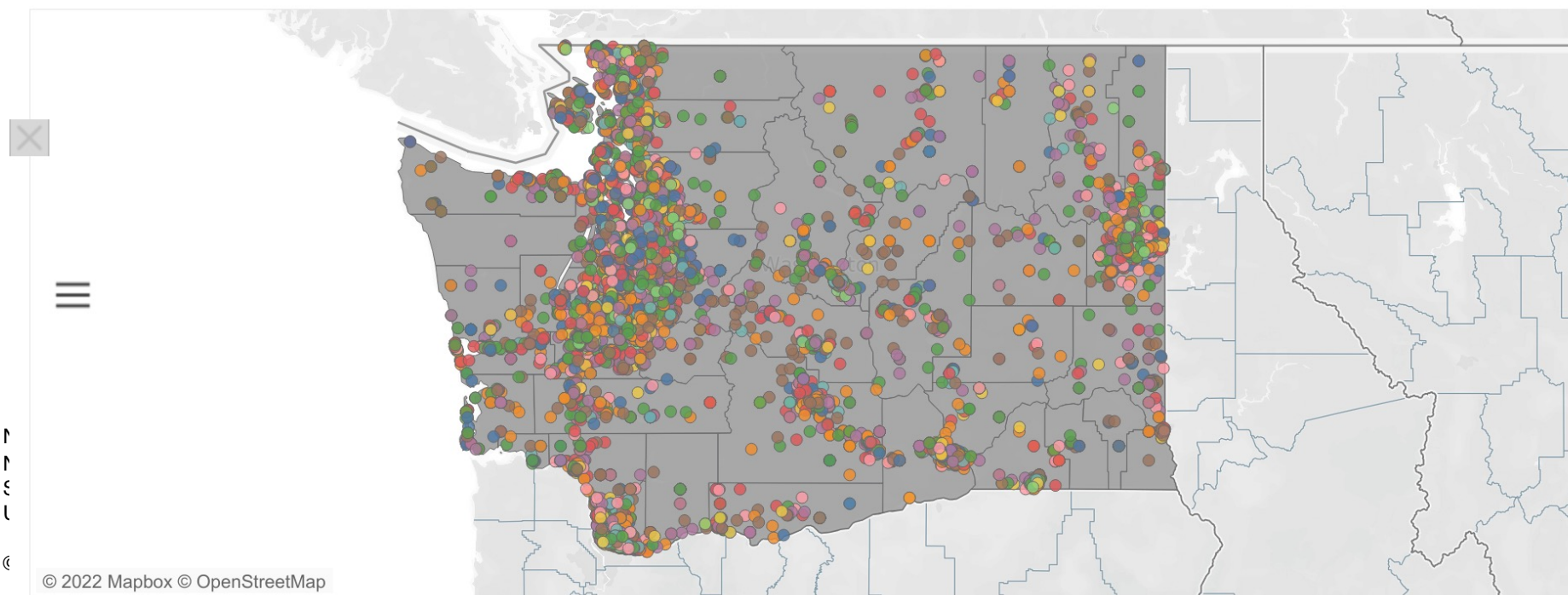
- Nonprofit Sector in Washington
- Nonprofit Experiences with Government Contracting
- Challenges and potential solutions
- Q&A and Discussion

# 501(c)(3) Organizations in Washington State (2021)



Select Admin Boundaries  
County

Select Admin Entity  
All



# Nonprofits in Washington State

**8,371 nonprofits  
with paid staff**

**25,260 active  
501(c)(3) nonprofits**

**59,449 nonprofits  
registered in WA**

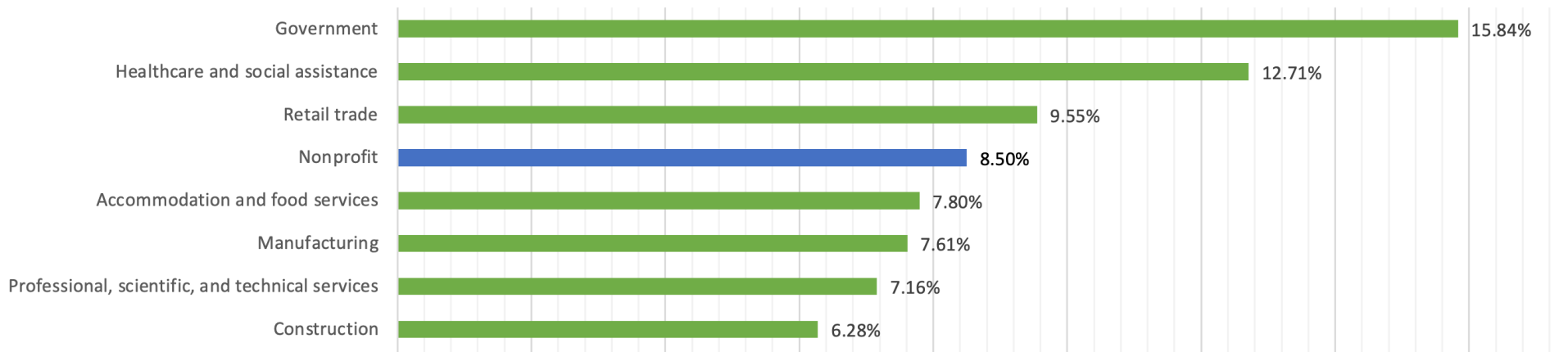


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# Nonprofit Economic Impact

- 4<sup>th</sup> Largest Industry in Washington
- 297,096 jobs and \$22 billion in wages in 2022
- Nonprofits in WA leverage an additional \$4 billion in volunteer labor annually

2022 Nonprofit Employment Compared to Other Sectors





# Nonprofits are being squeezed

## **Increasing costs**

- Labor
- Technology
- Construction costs
- Insurance
- General inflation

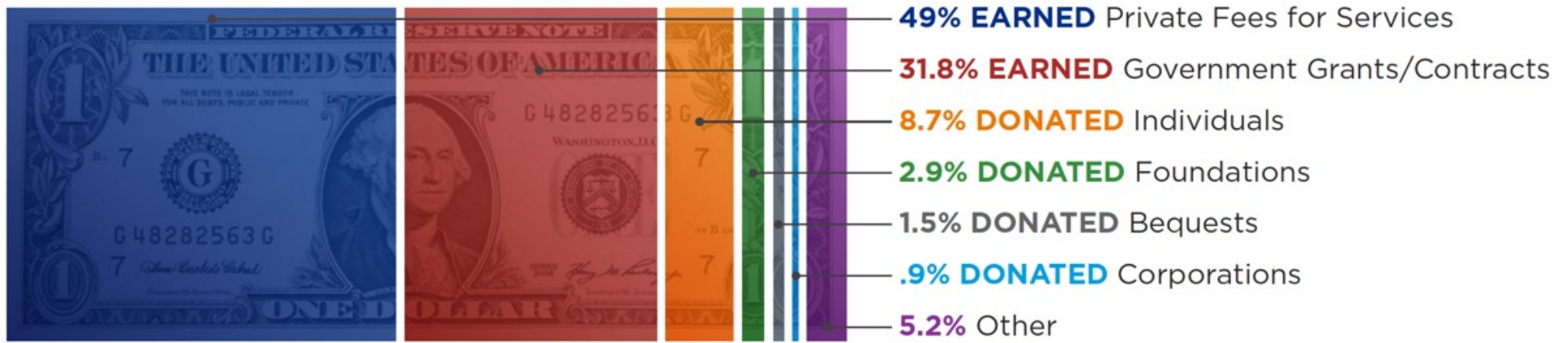
## **Revenues are not keeping up**

- Declining philanthropy
- Flat funding from public and private funders
- COVID funding cliff
- Slow recovery of earned income



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# Revenue Sources for Nonprofits





# Nonprofit Government Partnership

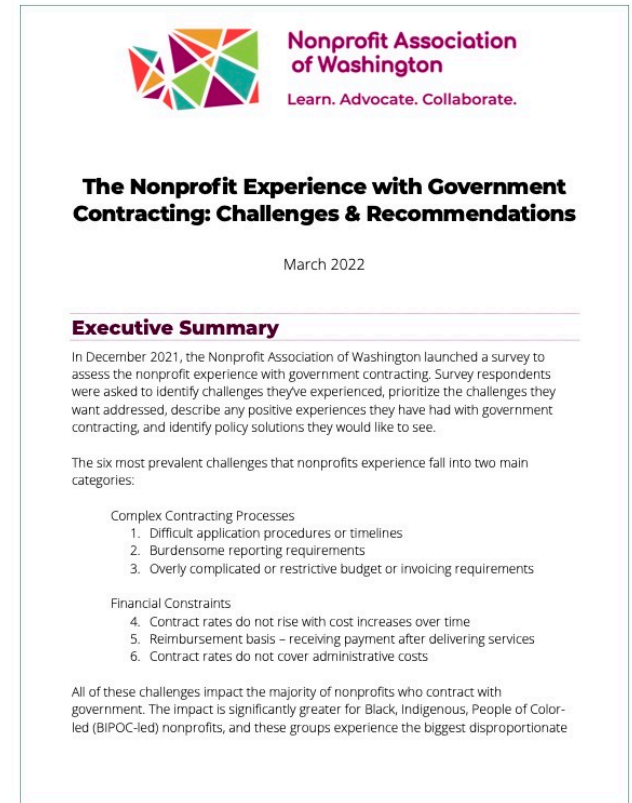
- Affordable housing
- Food and Nutrition
- Childcare
- Arts, culture & heritage
- K-12 and Higher Education
- Environmental conservation
- Habitat restoration
- Physical and behavioral healthcare
- Care for seniors
- COVID vaccinations
- Census outreach
- Disaster preparedness and response



# Nonprofit Experiences with Government Contracting

- Survey of 109 nonprofits in Washington State, including 23 BIPOC-led organizations and 30 rural organizations.
- Identified top challenges and barriers
- Confirmed disproportionate challenges for BIPOC-led groups
- Identified solutions that can improve how contracting is done

Full report is available here:  
<https://nonprofitwa.org/download/2022-washington-nonprofits-government-contracting-report/>



# We appreciate you

**The people we work with from most government agencies are thoughtful and caring.**

***Usually the humans (staff) are very competent, understanding and apologetic for their systems, and helpful in navigating or trying to change requirements or provide waivers.***

***The amount awarded through government contracts/grants can be transformational.***

***[We were] consistently able to find some kind of government funding for our work, especially through the COVID-19 pandemic.***

***Some state agencies have made big strides in improving their contracting processes.***



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# Top Government Contracting Challenges

## Complex contracting processes

- **Difficult application procedures or timelines**
- **Burdensome reporting requirements**
- **Overly complicated or restrictive budget or invoicing requirements**

## Financial Constraints

- **Contract rates do not rise with cost increases over time**
- **Reimbursement basis – receiving payments after delivering services**
- **Contract rates do not cover admin costs**



# Nonprofit Stories

***Community in Motion*** provides transportation for low-income, disabled people and Medicaid patients in Southwest Washington. Their state contract with the Healthcare Authority requires them to maintain records for eight years past the end of their contract, which requires them to pay for a storage unit to keep records. This expense is growing as their contract has been extended for 12 years, forcing them to keep 20 years of records. They have requested a rule change and been denied.



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# Nonprofit Stories

*In late 2022, an anonymous **service provider in King County** reported that their contract with a Washington state agency required that they hire a health outreach worker at the exact salary of \$62,500, regardless of their salary scale or location within Washington State. There was no ability to increase the salary in the second year of the contract. The intent was to improve salaries for these workers, but the inflexibility of the requirement created problems for that nonprofit.*



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# Nonprofit Stories

***Homes First**, an affordable housing provider in Thurston County, was approved for funds in Jan 2022 to build two Accessory Dwelling Units (ADUs). They broke ground in Dec 2023 due to contracting delays. The contracting process was onerous, and they had six different program managers at the Department of Commerce during that time.*



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# Nonprofit Stories

***In this Together** is a community-led organization in Yakima moving youth out of gang involvement using a proven curriculum and mentoring. They were all-volunteer when awarded their first contract from DCYF. The initial three-month contract had the expectation that the group start delivering services immediately at full capacity. The contract was deliverables-based with no upfront funds to cover training and hiring staff or setup costs to become an employer, and a 45-60 day wait for reimbursement. There were numerous barriers to success. After the pilot period, the group decided not to bid on continuing funding despite encouragement from their contract manager.*



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# Policy Solutions

## Provide appropriate compensation

- Cover the full cost of service delivery, with annual increases to cover rising costs
- Pay true administrative costs

*“If we want to provide services, we need staff to do that. We also need our staff to have support services from payroll, HR, communications etc. Keeping admin rates down to low levels is not a healthy organizational practice and it creates turnover and burnout.”*



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# Policy Solutions

## Remove barriers for under-capitalized nonprofits

- Eliminate matching requirements
- Address challenges with reimbursement-based payments
- Make on-time payments
- Reevaluate the necessity of insurance requirements

*“Upfront and timely payment of invoices would be more equitable to enable smaller organizations with less cashflow to participate in government contracting.”*



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# Policy Solutions

## Work together and simplify processes

- Simplify application and reporting requirements
- Coordinate among government agencies and across departments
- Do not prescribe in detail how to do the work or spend the money

*“In our sector, affordable housing, each of these challenges represents a barrier to providing more homes. When [contracting requirements] cost the providers more time and money, less time and money go to the work that needs to be done.”*



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# Policy Solutions

## Support organizational development and capacity building

- Invest in nonprofit capacity building for potential contractors
- Provide guidance and technical assistance
- Utilize intermediaries

*“New organizations may not apply for opportunities due to the process seeming too daunting but if they knew they had support during the process, it may encourage them to apply for opportunities they may not have considered.”*



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What questions do you have?

Where do you see opportunities for change?



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Learn. Advocate. Collaborate.

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